

SIR GEORGE WILLIAMS UNIVERSITY

1435 DRUMMOND ST., MONTREAL 25
TELEPHONE 844-0131



NEWS RELEASE

For release Wednesday,
November 2, 1966.

PLEASE PUT THE PLEASURE BACK INTO DEPARTMENT STORE SHOPPING

The enclosed talk by Assistant Professor Harold Shaffer, Director of the Sir George Williams School of Retailing, is to be delivered to the Alumni Society, Sir George Williams School of Retailing, on November 2nd, in the Hall Building, Sir George Williams University.

Professor Shaffer develops the thesis that while large department store chains have begun to adopt modern technology as a tool for solving their merchandise acquisition problems, they still work with almost mid-Victorian concepts in their attempts to dispose of merchandise offerings.

As a solution to this situation, Professor Shaffer suggests that the industry establish an experimental store under the aegis of a university, where research and development in disposal techniques could be undertaken without pressure to produce immediate pragmatic results. This approach could also be used for other experiments in retail technology and could lead to a number of breakthroughs that the industry requires if it is to maintain its position in its rapidly evolving marketing structure. Professor Shaffer uses department stores merely as an example and a point of reference for the whole retail industry.

From the office of: Malcolm Stone
Information Officer

PLEASE PUT THE PLEASURE BACK INTO DEPARTMENT STORE SHOPPING

I am always very pleased whenever I learn that another one of our downtown city cores is going to be revitalized, particularly when such giant retailers as Eaton's, Simpson's and the Bay are either initiating new developments or are actively participating in them. I believe that when scholars review this period of retail history, they will judge post World War II traditional retailers as administrators who bitterly fought to maintain the status quo as long as they could, but once they realized the folly of their reactionary policies, they marshalled their great powers and actively joined forces with the more progressive, urban developers.

We are beginning to see the results of this new approach for, in the centre of many of our cities and in metropolitan shopping centres, fantastic department store developments are under way or on the drawing boards. It is exciting to study the plans of these renovated or brand new department stores because they incorporate modern structural concepts that give them unprecedented grandeur.

There is no doubt that when these developments are completed, customers who will shop in them will be extremely pleased with the exteriors and interiors of these new stores, for their size will be physically impressive, their windows will present merchandise in a highly dramatic fashion, while the interiors will be scientifically planned to please the eye through interesting harmonious colour schemes and fixture arrangements, and such exciting displays that they will transform shoppers into customers.

Thus, it is easy to project that as a shopper moves about the various departments in these stores, she will obtain a high degree of pleasure

and even begin to develop the same feeling of excitement and adventure that her grandmother had when she planned to spend the day visiting the stores with her friends.

What worries me about this shopper is what will happen to her feeling of pleasure, excitement and adventure when she not only proceeds to shop in the store for the things she needs, but attempts to purchase some of these items. I have reason to be anxious because, from my close reading of the trade and general press, I believe that while the exteriors and interiors of these stores will be ultra modern, the techniques involved in moving the merchandise in and out of the stores will remain traditional.

I am particularly aware of the dichotomy between the advanced approach of department store administrators to their new plants and their stubborn desire to continue their traditional methods of handling merchandise because of my shopping experiences at Macy's Queens. This is a very large full-line department store that was built and is operated by the R. H. Macy Company in a very large metropolitan shopping centre in the burrough of Queens, New York. Macy's Queens is also called 'Macy's-in-the-Round' because it solved its parking problem in a very unique and unconventional manner. It wrapped the parking area around the store.

In fact, it had so many unusual features that when my students of the School of Retailing visited New York last year, I arranged to have Macy's Queens public relations people give them some background information as well as a behind-the-scenes tour. I had read so much about its imaginative exterior and interior arrangements, I thought the students would be excited by the visit. However, they reported that, on the whole, the new Macy's was strictly "ho-hum" and no more interesting than any downtown Montreal department

store. This reaction was so surprising that I decided to visit Macy's Queens on my next trip to New York, which took place in January of this year.

My sister, Bea, and her husband, Bert, drove me out to Macy's and I could not help feeling excited as we approached the building, as it was so completely different from the exterior of any department store I had ever seen. Although we parked on a higher floor than we would have selected to begin our shopping, it still required only a very few steps to reach a door that led into the store. This bold, imaginative parking concept was a very effective answer to customer complaints about the long walks between parking and shopping. If the rest of Macy's operated with such advanced retail technology, my students were blind indeed!

Therefore, I had my students' blasé reaction very much in mind when I walked through the door and was greeted by a vast series of furniture displays that were so inviting that I immediately expanded. I have noticed that whenever I enter a store, I either relax because I anticipate that my shopping is going to be pleasurable, or I contract because I expect it will be disappointing. "This store" I thought with relief "is the answer to my shopping problems of four presents for the family, and a pair of lined gloves and a travel clock for myself."

My sister, Bea, reacted to the displays as I did, for she immediately said to her husband, "Bert, let's see if we can find that bed we wanted for the spare room." Even Bert, who is the world's most blasé shopper, also reacted strongly to Macy's inviting interior when he said, "I can do with a couple of shirts."

"Bea," I said "before you begin to look at furniture, let's go down to the main floor where I can get everything I want. Then we can come back

here and I'll watch you and Bert do your shopping."

So with small stops here and there, we escalated our way down to the main floor. As it came in view, I expanded even more. In fact, it was such a delight that I severely warned myself against over-spending. We walked through the aisles looking for suitable gifts. Suddenly, a rather small adolescent-looking doll with a roguish mouth and come-on eyes looked just right for my daughter, who is too old for real dolls, but not for this sophisticated one. I pointed it out to Bea and said, "Here's something for Dorothy." And we walked over to the counter where it was displayed. At that point the pleasurable feeling I had for Macy's Queens received a rude shock - for while we could see the doll, we couldn't touch her because she was perched on the top of an inside counter that was surrounded by glass showcases. We were up against traditional island-type fixtures and therefore the doll was in strictly private territory. The only way we could hold and examine her was through the agency of a clerk.

I looked around for a saleslady and saw one a counter away. However, as she seemed absorbed with a customer, I felt it would be bad form to interrupt her, so I walked around the other side of the island where I discovered another busy clerk. I continued until I made a complete circle of the island and found that these were the only two clerks in this section. As both of them were busy, Bert, Bea and I stood at the outside counter opposite the doll and simply looked at it for what seemed an awfully long time. Finally I became so infuriated by not being able to handle that doll that I committed a heresy - I walked into Macy's private territory, over to the inner counter and picked up the doll.

"You can't do that, Sir!" the clerk nearest me shouted as she

hurriedly left her customer and dashed over to me. "You can't do that, Sir!" she repeated in horror, and grabbed the doll out of my hand.

I was nonplussed. "I only wanted to see the price." I explained in an embarrassed voice. As the girl looked daggers at me, she banged the doll on the outside counter and without saying a word, went back to her customer. I liked the feel of the doll and when I found the price tag, it was what I wanted to pay. But I wasn't prepared to buy it without looking at other dolls. So, rather embarrassed, I walked over to the girl, coughed and asked, "Where do you keep your other dolls?"

"I'll be right with you in a minute, Sir," she replied in very severe, biting tones, and turned back to her customer. Thus, as Bert, Bea and I stood impatiently at the outside counter and discussed the doll, my pleasure in shopping at Macy's Queens began to sour very rapidly. I had twice been embarrassed by the clerk and it did not help to know that in her view she acted correctly, because in my view as a customer, Macy's was wrong. I was also impatient because I couldn't get on with my shopping and I was frustrated because I couldn't obtain the necessary information to help me shop.

At this point I saw another interesting-looking doll at the extreme end of the counter. This one was entirely different from the one the salesgirl had plunked down on the counter. It was a soft-bodied elf with very long legs that were folded at the knee and held together by her crossed arms. She was brightly dressed in red and green and had long yellow pigtails. By this time Bert had lost interest in shopping at Macy's, so Bea and I moved over to the far counter, where we could see the second doll and discuss its features as against the first one. This proved an annoying exercise because I wanted to hold the second doll and find out its price. It also whetted my appetite to see and compare the two dolls against others. But as both salesladies were still busy,

we stood and waited and waited until I could stand no more. I approached the girl who had chided me and said, "Pardon me, can I see that doll?" She quickly left her customer, ran over to the second doll and thrust it into my hands.

We had spent such a great deal of time to obtain these two dolls, I felt obliged to make a decision on one of them. Nevertheless I knew I would be unhappy about my decision because, before I bought a doll for Dorothy, I wanted to see a larger selection than these two. I also wanted to look at other gifts for Dorothy and then make a decision. But we were all so impatient that I thought, "What the hell!" grabbed the second doll and went over to the girl, who was still busy with her customer. "Pardon me," I said apologetically, "can you take this?" and offered her the doll and a five-dollar bill.

"You pay over there." she said, pointing to a cash counter, and went back to her customer. The way she said, "You pay over there." made me feel lucky that she didn't know I was a teacher of retailing. It was obvious she judged me to be a stupid, uncommonly rude, country bumpkin.

My experience was so shattering that it eliminated all thoughts of buying my other gifts from my mind.

"Let's get the gloves and the clock" I said to Bea and Bert, "and then we can go back to the furniture department." We asked the cashier where the men's lined gloves were. "Over there." she said, and pointed vaguely to the left. As there was a long queue of impatient customers behind me, I didn't want to take more of the cashier's time and ask her where "over there" was. Therefore we wandered over to the left and finally saw the glove section.

This, too, was arranged in islands and again we were unable to

handle the merchandise. We could only look at sample gloves displayed under glass. Fortunately, we found an idle clerk and I began my shop by explain- in that I wanted a pair of synthetic-lined leather gloves. "Our gloves only come with wool linings," said the clerk, "the synthetic ones are too cold."

"They are not!" I said, and showed him the ones I was wearing. "I find these warmer than wool linings." That finished my desire to buy a pair of gloves from Macy's Queens. Nevertheless, I pointed to a sample glove under the glass and said, "Let me see a pair like that in my size."

"What size?" the clerk asked. "Size 10." I said, and I watched him as he began to rummage about the drawers. It was soon obvious that he did not know his stock. Bea, Bert and I stood impatiently by the counter until he came back. "Sorry," he said, "we're out of 10's in that style." "Well," I said, pointing to another sample, "how about a pair of those in size 10?" "Oh, those are very expensive, Sir." the clerk answered. So I said, "Where are the travel clocks?"

The clerk pointed to the right and said, "Four counters over." And as we walked away I felt that he was relieved. However, I was becoming more and more angry with Macy's Queens. Here, in this marvellously modern store, I was encountering one shopping frustration after another. Moreover, I recalled an article I had read in Women's Wear Daily on November 11th, which claimed that Mr. Jack I. Straus, Board Chairman of Macy's^{had} told his stockholders that "we are embarking on a major effort to demonstrate that we care that the customer finds what she wants, gets the help she desires and derives satisfaction from every contact with Macy's." So far, it looked as though communications between Mr. Straus and his employees at Macy's Queens had broken down. ¶ I decided to give Mr. Macy one more chance; so when we found the clock section, I looked around for travel clocks. There they were - enclosed in a high self-standing upright^{glass} case. But the case was locked! So I looked for a clerk. The only one I could see was

engrossed in tallying up the cash register for the night. I looked at my time. We still had more than a half an hour to go. But who was I to force this clerk to leave his labours to open the case and then wait on me? Suppose I were to make a purchase. Think of the difficulties he would have to straighten out his register. "Let's get out of here" I said to Bea and Bert, "right away." And then, full of anger, I said, "I don't want either of you to buy a thing in this store."

Now I understood why the reporters had written so glowingly about Macy's Queens and why my students were so unimpressed with the store. The journalists had only looked at the store - my students had tried to shop in it. Obviously, Macy's was so worried about the pilferage problem that they had built a huge store and equipped it so that, from the customer's point of view, vast sections of it functioned like a merchandise mirage - where shoppers could see the merchandise but couldn't touch it. Thus, even though Macy's acquisition system gave their customers the merchandise they wanted when they wanted it and at the price they wanted to pay, their disposal arrangements were so antiquated they only succeeded in building up customer frustration and ill will.

I wondered then whether all those wonderfully exciting new department stores in Canada will operate like Macy's-in-the-Round. I fear that they may because, while some department stores are making attempts to up-date their disposal problems, the techniques they are using are traditional in character. There is, for example, a return to the specialty shop principle, while some department stores have divided the merchandising function into two parts, with one executive in charge of merchandise acquisition and the other responsible for its disposal. Macy's have operated with this merchandising set-up for years, but it no longer meets today's requirements.

For the character of retailing has so altered since World War II that department store administrators must stop thinking of themselves primarily as merchants and begin to see themselves in their true role as merchandise expeditors - i.e., movers of millions of individual items of merchandise in and out of their stores as quickly and as efficiently as modern technology will permit.

This concept of merchandise disposal is merely a resurrection of retailing's fundamental objective, for no matter how well a merchant stocks his store, his goods remain a dormant investment until they are sold at a profit. But since World War II, the market explosion has been so dynamic that it has forced merchants to become fully engrossed in finding ways to cope with the enormous amount of product proliferation. Thus, they permitted disposal techniques to become stagnant or to evolve very slowly.

I now believe that the department store executives have gathered sufficient technological knowledge on merchandise acquisition to handle whatever new developments that may occur in the marketplace. It is therefore time for them to return to profitable merchandise disposal as their primary objective, and to devote their energies to increase the flow of merchandise that moves through their stores.

If department store administrators accept the view that they are merchandise expeditors rather than mere merchants, then the personnel they delegate to dispose of the goods in their store should not be inbred executives who have moved through the store's sales or merchandising channels. These executives cannot create or initiate new merchandise flow patterns because they are traditionally-minded merchants and so are inhibited from

questioning the limitations of their present disposal techniques.

Instead of these executives, engineers with specialization in merchandise flow techniques should be engaged. These professionals would look at a department store's merchandise movement as an engineering problem and in that context they should be able to advance such revolutionary solutions to merchandise flow that department stores would enter a new plateau that would be more challenging than the ones they encountered in the shopping centre and discount store evolutions.

However, because this policy would be so revolutionary and therefore dangerous, I would suggest that a great deal of controlled experimentation be undertaken before any disposal techniques suggested by the engineers be adopted by department stores. The necessary research could be performed by one large department store chain, but it would be easier to finance and be of greater value to the retailing industry if a group of department stores would undertake the project. This would entail a pilot store in a well trafficked area, where various merchandise flow and disposal techniques could be experimented with. The store should be operated by a young engineer, who has had sufficient experience in the movement of merchandise to be aware of flow problems and their possible solutions, as well as enough knowledge of retailing to be able to perform his experiments in a realistic manner. Working with him should be a competent experimentally-minded young merchandiser, who would be able to stock the store with wanted goods and act as a retail consultant. Thus, if the sales in an experiment were not up to target, the cause could be laid to the merchandise flow or disposal techniques rather than to faulty merchandise.

The team should be given sufficient finances to make their experiments viable and then left entirely free to operate the store as they see fit.

Because the project must be viewed as pure research, it may or may not result in a series of practical applications. Therefore the executives in the pilot store should feel free to make whatever experiments they desire and not be held accountable for errors in judgment, as frequently the actual testing of an idea is the only way to test its feasibility. For this reason, the sponsors should delegate the project's supervision to a university rather than run it themselves or turn it over to a trade association.

If a store or a group of stores were to underwrite this research project, they would not be doing anything unusual, for this technique is now in great vogue and has become a major factor in accelerating the progress of a number of non-retail industries.

I believe that before the team would think of developing their first experiment, they would undertake an intensive survey in an effort to discover the major merchandise flow bottlenecks in department stores today. I suspect that this research might uncover at least three common bottlenecks. These are:

1. Exhaustingly large customer shopping areas;
2. Merchandise grouping techniques, and
3. The mechanics the customer has to undergo to shop and complete a sale.

1. No matter how easy department stores arrange customer movement: from floor to floor, every floor in most department stores is a block square. Shoppers become tired when they think of the effort required to walk from the back of the second floor to the front of the third floor and then to the back of the sixth. That's a lot of walking for a woman who wears comfortable walking shoes - but in high heels it can be excruciatingly painful.

2. The shop concept has complicated the department store's merchandise arrangements; now, customers begin their shops with the discouraging feeling that the item they seek will not be where they think it is and that they will be forced to go up and down escalators and walk from the end of one floor to the end of another. An extension of this feeling of anxiety is that the department or departments they have already visited do not stock the store's complete assortment and that therefore they might see something they would like better if they only knew where to go and had the time and energy to walk to it.

Pricing policies in some department stores make customers suspicious. Once a shopper discovers that a store carries the identical item at different prices, her confidence in that store's pricing policy is shaken no matter how justified the store may be in arriving at its pricing structure.

The third bottleneck is the endless problems inherent in situations where shoppers meet or require the services of the store's sales personnel. Here, the researchers would uncover the unyielding hypocrisy or naivety on the part of most senior department store administrators that enormously complicates these unhappy confrontations. It is true that shoppers would like the services of pleasant, competent, intelligent, knowledgeable and fast-moving sales help. But in spite of public statements made by department store administrators, the likelihood of meeting such sales personnel is extremely remote. As a result, customers prefer to do their own shopping and make their own buying decisions. This, of course, leads to many incompleting sales and very little impulse purchasing.

Finally, we must consider the energy expended and the time consumed whenever a customer wishes to buy an item, for then she must find a store

employee, and sometimes inveigle her or him into recording the purchase and making the other necessary arrangements to complete the sale.

I have selected these three merchandise flow and disposal bottlenecks because they are some of the reasons why customers like my wife intensely dislike shopping in large department stores and only do so when there is no alternative. For example, on June 17th, she forced herself to go to a downtown department store because she was given to understand that it was the only place where she could buy camp crests for our fourteen-year-old boy, Mark. Optimistically, she planned to buy the rest of the boy's camping needs, purchase two gifts and look at some livingroom lamps while she was in the store. ¶ When she got there, she immediately proceeded to the camp shop on the second floor, found the clerk, charged three crests, a sun hat and a sweat shirt. Then she asked to see a pair of navy shorts and a pair of white ones for a big boy of fourteen. The clerk showed her the largest sizes she had, but my wife thought they were too small. The clerk then said that the larger sizes in these colours were on order and suggested that my wife try the boy's department. ¶ So my wife took the crests, the hat and the sweat shirt and walked over to the boy's department only to discover that the shorts they had were much too small. However, the clerk there suggested that she could try the sporting goods department. This happened to be on the fifth floor, and when she got there, she discovered that they only carried men's shorts in white. ¶ By this time, my wife was beginning to panic, so although she felt that \$4.50 was too expensive for a pair of camp shorts, she charged the smallest size they had and took them with her. Then, because the clerk who served her suggested that she might try the young men's department for the navy pair, she went back to the second floor. The young

men's shop only had bermudas. ¶ This completely unnerved my wife, so she rushed back to the camp shop, grabbed the largest looking pair of navy shorts, and even though she believed they would be too small, had them charged and took them with her. This time, the clerk suggested that my wife might try the boys' department in the basement; so, dragging along her handbag and three parcels, she escalated down to that area, only to find that the shorts in this department were very, very small.

So she gave up on the shorts and moved over to the men's section thinking that there she might buy some jerseys that would fit Mark. She did not see the jerseys that she wanted but lo and behold she did discover a pair of white shorts, size 30, at \$2.39 which was more what she felt she should pay for Mark's shorts. So she charged this pair too and took them with her. By this time she was so tired and frustrated that she refused to go back to the young men's shop and spend more energy undergoing the necessary refund procedures. Instead, she carried her handbag and four parcels over to a second department store where she found, charged and took with her a pair of white and a pair of navy shorts in the sizes and prices she thought were suitable.

Her search for the shorts had been so time and energy consuming that she postponed all thoughts of other items that she had previously wanted to buy. Her only desire was to get home, change into comfortable clothes and relax. And that's what she did.

Her shopping safari, therefore, netted her three crests, one sunhat, one sweat shirt, two pair of navy shorts and three pair of white ones. Unfortunately, only the crests and the competitor's shorts proved suitable. So she had to decide what procedure she would use to redress her buying errors. She could phone the store and have them pick up the shorts and the sweat shirt.

men's shop only had bermudas. ¶ This completely unnerved my wife, so she rushed back to the camp shop, grabbed the largest looking pair of navy shorts, and even though she believed they would be too small, had them charged and took them with her. This time, the clerk suggested that my wife might try the boys' department in the basement; so, dragging along her handbag and three parcels, she escalated down to that area, only to find that the shorts in this department were very, very small.

So she gave up on the shorts and moved over to the men's section thinking that there she might buy some jerseys that would fit Mark. She did not see the jerseys that she wanted but lo and behold she did discover a pair of white shorts, size 30, at \$2.39 which was more what she felt she should pay for Mark's shorts. So she charged this pair too and took them with her. By this time she was so tired and frustrated that she refused to go back to the young men's shop and spend more energy undergoing the necessary refund procedures. Instead, she carried her handbag and four parcels over to a second department store where she found, charged and took with her a pair of white and a pair of navy shorts in the sizes and prices she thought were suitable.

Her search for the shorts had been so time and energy consuming that she postponed all thoughts of other items that she had previously wanted to buy. Her only desire was to get home, change into comfortable clothes and relax. And that's what she did.

Her shopping safari, therefore, netted her three crests, one sunhat, one sweat shirt, two pair of navy shorts and three pair of white ones. Unfortunately, only the crests and the competitor's shorts proved suitable. So she had to decide what procedure she would use to redress her buying errors. She could phone the store and have them pick up the shorts and the sweat shirt.

But this required that she stay home and wait for the truck. As she could not arrange her day to suit the pickup van, she forced herself to go downtown and walk from the second floor to the fifth floor and then down to the basement to make her returns. ¶ As each one involved her undergoing a ritual, when she had finished with the returns, she was in no mood to attempt to complete her camp or gift shopping. Instead, my oldest son took Mark to a shopping centre close to our home and completed the camp list. Some days later, my wife purchased the gifts from a small store in a string street, and since that time she has refused to undergo another downtown shopping experience. The last one was too traumatic. ¶ Besides, she believes that a department store does not save a shopper time or energy. She claims that during her last downtown experience she visited more departments spread over a larger area in one department store than if she had gone to a series of smaller shops in a medium size shopping centre where she would have obtained better personal service and therefore would have had a much more enjoyable shopping experience.

Now you may say that my experience at Macy's Queens and my wife's in a downtown department store in Montreal were exceptions. Sales figures prove that millions of customers buy billions of items every year in department stores. However, what these sales figures do not show are the millions of customers who don't buy billions of items in department stores because they are unable to get at the merchandise or the arrangement of the store's stocks is so complicated that it requires too much persistence, physical energy, time and patience on the part of customers to make a purchase or a series of purchases.

Now, how would the research team attempt to overcome the merchandise flow and disposal problems I have just illustrated? I don't know,

but perhaps they might divide the merchandise of a department store into a number of groups and develop separate flow and disposal methods for each one. For the sake of discussion, let us say that three of these groups might be (1) goods that require no service personnel, (2) goods that require service personnel and (3) goods that require professional sales personnel.

The first group might contain merchandise that would be similar to that in today's self-service departments. However, the engineer's task would be to arrange pedestrian flow patterns so that shoppers would be exposed to a large percentage of the merchandise as they moved through the department. Fixtures, packaging, lighting and displays would have to be developed to make the merchandise so inviting that the average sale, the number of multiple sales and the amount of merchandise bought by impulse would be increased; while the slippage, which is the bane of these departments today, would be reduced.

The engineer must also evolve a method of handling sales quickly and with a minimum of customer inconvenience. He would reduce the area that is now designated for customer shopping because he would realize that large masses of merchandise tend to depress and confuse most customers, while sample displays can be placed in small areas and create easier and more enjoyable shopping. Moreover, open shelving of the same merchandise in depth requires a great deal of space and that forces the customer to walk more than she would if only a limited number of sample items were on display.

He must also attempt to solve the inconvenience of customers carrying parcels, no matter how small, about the store. If a shopper buys a number of items and wants to take them with her, she should be able to pick all of them up at one spot in the store when she is ready to leave.

To solve these and other flow and disposal problems in this merchandise category, the engineer might adopt some of the features used in a grocery store in Weisbaden, West Germany, where shoppers buy merchandise by inserting a key into a series of slots. When they are through, the bill is immediately totalled and the purchases are ready. The store has no pushcarts, no checkout counters and no cashier errors.

Perhaps the engineer might develop a system similar to that used by some Canadian Tire stores where shoppers select IBM cards instead of the items they want to buy, go to a cashier who completes the transaction and tells the customer where he can receive his goods, which usually arrive in short order. Both of these techniques save an enormous amount of store area, eliminate a great deal of slippage and spoilage and encourage fast merchandise and customer movement.

Because the engineer would not labour under Mr. Straus' completely mythological concept of customer service, he would recognize that these areas require few sales personnel and, indeed, if he were able to adopt the Weisbaden formula, customers would only deal with cashiers. This disposal technique, then, would make an enormous difference in a department store's staff requirements, for the personnel required for these areas could be obtained from a large employment pool, while most of their training and instruction could be programmed.

In attempting to solve the second group of merchandise classifications, the engineer would arrange to have the merchandise flow to the customer rather than ^{continuing with} our present system of having the customer move about the store as she searches for the item she wants to buy. This concept would require that a section or sections in the store contain a sample

collection of all the items in the classification. Thus, if my wife wanted to buy a pair of navy or white shorts for my boy, she would proceed to only one area in the store. There she would look through a sample display of all the shorts that the store carried and select the ones she wanted. If the samples were not in the colour, size, material, etc. that she desired, she would approach the attendant who, perhaps by means of a system similar to that already used by airplane reservations, would almost instantaneously tell her whether the exact shorts my wife wanted were in stock. If they were and my wife decided to purchase them, the attendant would complete the sale. If my wife wanted to take them with her, they would come to her. However, if she wanted to make other purchases, like a windbreaker, T-shirts, etc., she could do so and pick up all the purchases at one time and in one place.

This concept has all the advantages inherent in the first group for both the store and the customer. Moreover, it provides the store with unlimited opportunities for related selling and impulse buying. It also would save the store the expense of staffing large customer areas. For this merchandise group, it would only require personnel who were capable of dealing with customer inquiries and, when necessary, making alternative suggestions and completing sales. They should be intelligent enough to absorb some sales training, but even this could be programmed. As the employment pool for this type of help is rather large, the store should have little difficulty in obtaining personnel, particularly as it could now afford to pay top salaries for competent help.

The last merchandise group would contain items that would require sales personnel because it could only be sold through demonstration or it would be sufficiently expensive for customers to expect personal service. To man these

areas, the store would have to seek and hire personnel who would be capable of being trained as highly competent salespeople. As these employees would be expected to operate on a professional basis, they would have to be given sufficient time to service each customer properly. This would require an appointment procedure, and although shoppers would still be welcome to these areas without appointments, they would only expect to get served if a salesperson was not otherwise engaged.

Customers would soon accept this procedure, for they must now make appointments when they wish to see a doctor, have their hair done or even take dancing lessons. Once this procedure was accepted, shopping in these areas would be very pleasant, for customers would know that their favourite salesperson would devote all her attention to her for a given time. On the other hand, the stores could hold sales personnel strictly accountable for their productivity.

Because of retailing's low status and pay scales, the store at first would face very vigorous competition in finding proper personnel for this merchandise category. But as this type of work took on a professional image and as gross salaries climbed to meet and perhaps surpass other industries for the same caliber of employee, the difficulty of filling the personnel needs of these areas would lessen.

As the engineer worked through these three basic disposal techniques, he would develop a number of varieties and combinations to handle the complex flow and disposal situations that are involved in merchandising a large department store. However, I would not be surprised if he rejected all my concepts and suggestions and proceeded to evolve an entirely new approach to the problems of merchandise flow and disposal. After all, no matter how hard I

try, I will always remain a brainwashed merchant and therefore I cannot move beyond traditional patterns.

This is precisely why present day department store administrators must recognize the need for new approaches not only to their merchandise flow and disposal problems, but to every facet of their operations, and seek solutions to them from talents that are outside their tradition.

I have selected merchandise flow and disposal for this discussion only because it is so very vulnerable to criticism; but non-traditional research into other department store functions like advertising and promotions might produce equally interesting and revolutionary results. Department stores have advanced very little in advertising and promotion ^{techniques} since Roland H. Macy created repetitive copy, sold for less and used a rooster as his symbol.

It may be that objective research and development would demonstrate that if department stores were operated properly, sales and other promotions would become too expensive for the results they obtained and so they would soon become as obsolete as the towncrier and as ancient as the signboards hanging over a store front.

Retailers should exploit the attraction the ^{industry} has for students of the behavioural sciences, as well as those who observe today's marketing phenomena. For example, at the fall conference of the American Marketing Association in Bloomington, Indiana, at least one topic in every concurrent session was directly related to retailing and many other papers had retail implications. The chart that was placed on your table is an indication of how non-retailers regard the retail process. You will notice that the "retailer" box is the focal point of this entire chart which, in effect, represents the consumer marketing process.

Unfortunately, in spite of the hard work and the skill in research

technology displayed by the speakers, most findings were spurious or very inconclusive from a retail point of view. The majority of those who performed the studies either lacked an understanding of retailing or were unable to obtain sufficient co-operation from retailers to make their experiments viable.

A retail laboratory headed by a merchant with some knowledge of and interest in experimental research could exploit this interest and channel it along useful and meaningful retail paths.

For example, one study at the conference seemed to imply that customers do not really make as many impulse purchases in supermarkets as other studies have reported. However, because the study was rudimentary, it only opened up this question. Imagine if this area could be pursued and found to be operative. A great deal of supermarket strategy would have to be revised and this would result in great savings both for the supermarkets and their customers. Retail laboratories established by the industry as a whole would be able to develop proper norms and control data from which continuous research and development findings could be checked and, where practical, adopted.

Thus, the question that senior department store administrators should be asking themselves is not what sales and profits they did make but how much they could have earned if they had modernized their operations and administration techniques and so were better able to compete with other large industries who are seeking the same consumer dollars that department stores do.

Years ago, the most progressive administrators in non-retail industries realized that customer loyalty is a very fickle thing and that sales

and profits are very sensitive to competitive technological advances between industries, as well as within each industry. For example, the homebuilding industry competes against car manufacturers, while General Motors fights Ford, and the railways compete against the airlines, while the C.N.R. fights the C.P.R. for passenger traffic. This fierce competition takes place because consumers can spend their money in a great variety of ways. For example, they can purchase such non-retail products as a house, or such non-retail services as a resort holiday; or they might invest in a bond or a savings account. Thus, the retail industry as a whole is in constant competition with a great variety of very large and powerful non-retailers, all of whom are directly vying for the wage earner's dollar.

Moreover, whenever a consumer decides to satisfy a retail want, he can do so by phone or by mail, or he can go to a specialty store, a variety store, a discount house or a department store. Thus, department stores are constantly competing both within and without the industry for every dollar that the consumer makes and spends.

If farsighted administrators are in charge of any industry, they can produce dramatic competitive dislocations. Airline executives, for example, have always encouraged research in air transportation technology and its leaders were brave enough to move up constantly from one plateau of improvements to another even though this involved the sacrifice of millions of dollars of usable equipment and the risking of millions more in the purchase of more advanced equipment and the re-organization required to operate it. On the other hand, the management of most American railroads and bus lines fought change because they knew that every major innovation would involve millions of dollars and a great amount of unpopular internal re-organization.

The results of the airlines' progressive attitude towards modernization and the railroads' and bus lines' resistance to change indicate consumer awareness to the up-dating of services, as well as the ease with which they shuttle from one loyalty to another.

In 1965, the airline companies in the United States carried 57% of all inter-city travel, while buses and railroads combined accounted for only 43%. Moreover, 83% of American travellers, who went overseas, used airlines. This was why the airline strike in the United States in the fall of 1966 created such havoc and concern to the American people. Yet the airlines are still in their infancy. What will happen to their competitors when supersonic transport becomes operational defies imagination.

The lesson for department store administrators in this illustration is clear; for if they are to maintain let alone increase their share of the consumer market, they must move into the twentieth century in more ways than building interesting new plants. They must develop administrative and operational techniques that at least match those made by such important competitors as the leaders in the transportation and consumer fields. Establishing a store which could be used as a laboratory for testing and improving advanced administration and operating functions, as well as customer reaction to various consumer stimuli, is only one of many projects that department stores could use to constantly up-date their appeal to consumers and to keep abreast of their competitors within and without the retail field.

The result of these projects might well be the conclusion that large multi-storey plants are so unproductive they would be eliminated as selling areas and put to more profitable uses. If this happened, Canadians might react with the same nostalgia they now display for the general store, and a group of historically-minded citizens would resurrect a department store as we know it

today. Then those who visited the ancient emporium would be constantly amazed at the annoyance and frustrations their grandfathers underwent whenever they were forced to buy their material needs from a department store.

With T.V. shopping, direct dialling, picture telephones and other communicating devices that are now being developed, this event could take place in your lifetime. And if it did, department stores could still compete for the consumer's dollar, but only if they had learned how to move with the times and so changed the way they offer consumers goods and services that they would make shopping as pleasant an experience as it used to be when department stores were young and our great grandmothers spent a red-letter day visiting their favourite store with their friends.

As young executives, you will be experiencing many of the exciting and revolutionary changes that will be initiated either by present leadership or by outsiders who will invade this potentially lucrative field. These changes will open up vast new opportunities for whatever talents you may possess. But in order to take advantage of them as they evolve, you must be ready for them before they come. This requires a great deal of intelligent preparation, flexibility of attitude, and the imagination to recognize possibilities and the courage to grasp them and make them work to your advantage as well as to that of the store and the consumer.

I hope that those of you who decide to grow with department stores will be instrumental in modernizing some of the department store techniques and will come back to Sir George Williams School of Retailing to inspire the students by telling them about your achievements.

Thank you.

Marketing - The Satisfaction and Stimulation of Consumer Interests (Expressed and Latent)

